

Article - Environment

[\[Previous\]](#)[\[Next\]](#)

§9–938.

(a) To secure any bond issued under this subtitle, an authority may enter into a trust agreement with a corporate trustee, which may be:

- (1) A trust company; or
- (2) A bank that has the powers of a trust company.

(b) In the resolution or trust agreement that authorizes the authority to issue bonds, the authority:

(1) May pledge or assign the revenues to be received from the operation of any project for which the bonds are issued;

(2) In the case of bonds that finance a sewerage system, and to the extent allowed under § 9-946 of this subtitle, may pledge or assign as security for the bonds the revenues to be received from the water system of the authority;

(3) May not convey or mortgage any part of a project;

(4) May include reasonable, proper, and lawful provisions for protecting and enforcing the rights and remedies of bondholders, including:

(i) Covenants stating the duties of the authority to acquire, construct, improve, maintain, operate, repair, and insure any project for which the bonds are issued;

(ii) Provisions for the custody, protection, and use of the funds of the authority; and

(iii) Provisions for the employment of consulting engineers in connection with the construction or maintenance of any project for which the bonds are issued;

(5) May state the rights and remedies of bondholders and, in the case of a trust agreement, of trustees;

(6) May restrict the individual right of action of a bondholder in any way that is customary in a trust agreement or trust indenture that secures bonds or debentures of a corporation; and

(7) May include any other provision that the authority considers to be reasonable and proper for the security of bondholders.

(c) Except as otherwise provided in this subtitle, an authority may provide for:

(1) Payment of the proceeds of the sale of its bonds and payment of any revenue of the authority to any officer, board, or depository that the authority designates as custodian of the proceeds and revenues; and

(2) Disbursement of the proceeds and revenues with any safeguards and restrictions that the authority determines.

(d) An authority may treat any expense that is incurred in carrying out the provisions of a resolution or trust agreement under this section as a part of the cost of operation of the project.

[\[Previous\]](#)[\[Next\]](#)